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STATEMENT OF FEDERICO PENA  
SECRETARY  
U.S. DEPARTMENT OF TRANSPORTATION

BEFORE THE  
SUBCOMMITTEE ON TRANSPORTATION  
OF THE  
SENATE APPROPRIATIONS COMMITTEE

MAY 5, 1994

Good morning Mr. Chairman [and members of the Committee]. I am particularly pleased to have the opportunity to appear before you today to present important budget initiatives necessary to address effectively several critical safety issues arising out of recent pipeline failures, including the tragedy in March in your home state. These initiatives, totalling more than 16 million dollars, have been included by the President, at my urging, in his package of fiscal year 1995 budget amendments that will be presented to Congress shortly. This is an increase of \$18 million over FY 1994.

I apologize for being able to appear for only a short time, due to my prior commitment to appear at another hearing in the House on aviation matters.

Mr. Chairman, the several actions and approaches we will discuss today are absolutely essential to solve the problems we face.

However, they may be summed up in this simple fact: we as public policy makers must assert a greater commitment to reducing the risks faced by our citizens and the environment. As with other modes of transportation, the benefits of pipelines come with inherent risks. We must manage pipeline risks better than we do today. The Department of Transportation is prepared to provide the leadership to make it happen.

While the pipeline safety budget currently before the Subcommittee seeks to add funding to address several key safety and environmental issues, it is not equal to the challenges we face. Key among those challenges are: a greater understanding of the state of the pipeline infrastructure; the risks posed by pipelines, particularly the risks associated with the encroachment of people on pipelines; applying state of the art technology to assure pipeline integrity; and, developing a leadership approach to solving the problems we face that is built on partnerships and leveraging the resources of all those involved in pipeline safety. I believe it is urgent that we face these challenges now.

It is fitting that I bring these safety proposals to you because, as much as any member of Congress, you have recognized that

pipeline safety merits significant attention.

This morning, I want to briefly describe the key elements of the budget amendment. The amendment will complement actions we are taking now to assure that the pipeline safety program will be positioned to make the most effective use of the added funding I am seeking. I am sure that Ms. Gutiérrez and Mr. Tenley will be able to provide you with the details of the proposals as part of their testimony.

#### **NEW JERSEY COMPREHENSIVE INSPECTION**

Recognizing the opportunity to learn a great deal from the Edison, New Jersey accident, we have begun this week a joint inspection with the New Jersey Board of Regulatory Commissioners of the six interstate gas transmission companies operating in New Jersey. Given the fact that these companies operate in many other states, what we learn about their operation in New Jersey and the risks associated with the encroachment of people on their pipelines can be used to look at pipelines nationally.

#### **PIPELINE SAFETY SUMMIT**

We are also completing plans for a pipeline safety summit to be

held at Rutgers University. This "first of its kind" event will explore a range of pipeline safety public policy issues from risk assessment to the economic context in which pipelines operate in this country. Our goal is to identify possible solutions to the numerous issues that confront us, and to identify areas of future inquiry that will help us to direct our program in the future.

#### **IMMEDIATE STAFFING ASSISTANCE**

To help assure that we make the best and most timely use of the new budget authority I am requesting today, we will be bringing into the pipeline safety program, on details ranging from 3 to 15 months, 19 people from other programs in the Department and other agencies in the Federal Government. Included in this group, will be safety inspectors to enable us to see more pipeline operators this year; regulatory specialists to enable us to expedite completion of as many as 10 safety regulatory mandates from the Pipeline Safety Act of 1992; data analysts to work to "clean up" essential data bases, create new data bases from existing data, and support both regulatory and compliance planning; and a public affairs analyst to create information packages so that we can respond more thoroughly and timely to requests from Congress, the media, and the public in the hours and days following accidents.

The work to be performed by this cadre of temporary staff, in conjunction with the ongoing, and now more sharply focused, pipeline safety program, will set the stage for our fiscal year 1995 budget amendment initiatives.

#### THE FY 1995 BUDGET AMENDMENT

While the budget amendment is presented as 8 separate elements, it focuses on three critical aspects of our mission: prevention, compliance, and our federal/state partnership.

I am requesting an additional \$6.3 million dollars for several prevention initiatives. The primary way to reduce risk to people and the environment is to keep the product in the pipe. However, we now are acutely aware that there is damage to the infrastructure, caused primarily by outside activity such as excavation and construction. Therefore, we will assess the nature and extent of that damage, and identify the technology that can locate it before it leads to failure. There is a great deal of technology development underway in the area of pigging and leak detection that we need to stimulate and support. We will aggressively pursue those regulatory measures that will foster the

use of this technology.

To support our prevention capability, we are embarking on a nationwide mapping program. Our effort will focus on integrating a great deal of work that is underway in the industry and among both state and federal agencies. The mapping initiative will be a significant tool for local governments in discharging their critical responsibility for making land use decisions. Coupled with this work, we will significantly increase our data gathering and analysis capability. A primary goal will be to provide direct linkages with state pipeline safety programs so that we can greatly expand our understanding of the infrastructure potential impact on people in the event of rupture.

Our improved prevention capability will enable us to focus on where we should apply improved safeguards and vigilance and make the tough judgment calls that some areas alongside pipelines are of higher priority than others. For example, where a pipeline has the potential to pollute the water supply of a metropolitan area is obviously important.

To address one of the most often expressed criticisms of the

pipeline safety program, I am requesting an additional \$4.5 million dollars to improve our inspection and compliance capability. We frankly need to inspect more of the infrastructure by seeing more of the pipe. By using contract engineering services, we will be able to inspect all new construction scheduled for 1995 as well as the primary remediation projects to be undertaken. We will also be able to look for known problems elsewhere on the infrastructure, such as inadequate valves, poorly welded pipe, and poor corrosion protection.

It is essential that we make good on our "contract" with the states and provide full funding for the pipeline safety grant program. To do so, I am requesting an additional \$4 million dollars to assure that we can provide the full 50% reimbursement to which the states are entitled. We must stop the burden of unfunded mandates that we impose on the states in the name of pipeline safety. In fact, to better assure pipeline safety, we need to maximize the leverage the state programs provide us. With the vast majority of the pipeline infrastructure under the state jurisdiction we so aggressively support, we must enable the states to deliver meaningful programs.

Finally, I am requesting an additional \$1.4 million dollars to support 15 new positions for the pipeline safety program. These positions are critical if we are to improve our skill mix to take on our new environmental mission, to manage an enhanced and refocused program, and assure an inspection staff adequate to substantially reduce the time between inspections.

Mr. Chairman, as important as these resources are to make us successful, we must also craft a new commitment to reducing the risks inherent in pipeline transportation. To do this we must "open up" the pipeline safety program, and lead the industry to do likewise. The public, and the officials that represent it, must be more aware of the presence, the benefits, and the risks of pipelines. We, in partnership with the industry, must reach out aggressively with effective public education programs that reveal, discuss, and, hopefully, resolve the issues that we face. In order to be successful in this, all of us involved in pipeline safety - the Federal Government, state governments, local governments, and the industry - must work to achieve a new level of trust. If we can trust each other, we can build the strong partnerships necessary to truly manage risk while making the most of the resources that are available.



Again, thank you Mr. Chairman for allowing me to appear before you today. While time is of the essence, so too is critical thought and constant vigilance. I pledge to you that these will be the watch words for a new pipeline safety commitment in the Department of Transportation.